

compliance with the provisions of this act and rules promulgated under this act. The Commission shall stay the adjustment of rates and enter a final order approving, modifying or rejecting such adjustment within thirty (30) days of the complaint.

(h) Incumbent Local Exchange Telephone Companies subject to price regulation may set rates for Non-Basic Services as the company deems appropriate, subject to the limitations set forth in subsections (e) and (g), the non-discrimination provisions of this Title, any rules or orders issued by the Commission pursuant to Section 65-5-208(c) and upon prior notice to affected customers. Rates for call waiting service provided by an Incumbent Local Exchange Telephone Company subject to price regulation shall not exceed, for a period of four (4) years from the date the company becomes subject to such regulation, the maximum rate in effect in the state for such service on the effective date of this act.

(i) Incumbent Local Exchange Telephone Companies subject to price regulation shall not be required to seek regulatory approval of their depreciation rates or schedules.

(j) For any Incumbent Local Exchange Telephone Company electing price regulation under Section 65-5-209(c), the Commission shall conduct an audit to assure that the TPSC 3.01 Report accurately reflects, in all material respects, the Incumbent Local Exchange Telephone Company's achieved results in accordance with Generally Accepted Accounting Principles as adopted in Part 32 of the Uniform System of Accounts, and the ratemaking adjustments to operating revenues, expenses and rate base used in the Commission's most recent order applicable to the Incumbent Local Exchange Telephone Company. Nothing herein is to be construed to diminish the audit powers of the Commission.

(k) Incumbent Local Exchange Telephone Companies subject to price regulation shall maintain their commitment to the FYI Tennessee Master Plan to the completion of the funded requirements with any alterations to the plan to be approved by the Commission.

SECTION 11. Tennessee Code Annotated, Title 65, Chapter 5, Part 2, is amended by adding the following new language as:

Section 65-5-210. Commission Jurisdiction.

(a) In addition to any other jurisdiction conferred, the Commission shall have the original jurisdiction to investigate, hear and enter appropriate orders to resolve all contested issues of fact or law arising as a result of the application of this act.

(b) The Consumer Advocate shall retain all powers with respect to this act as is provided in Tennessee Code Annotated, Section 65-4-118, or any future legislation.

SECTION 12. Nothing in this act shall be construed as removing the powers of the Commission pursuant to Tennessee Code Annotated, Section 65-5-202.

SECTION 13. Nothing in this Act shall affect the authority and duty of the Commission to complete any investigation pending at the time this act becomes effective.

SECTION 14. Nothing in this act shall be construed to affect the assessment for ad valorem taxation of property used to provide telecommunications services, and to that end it is declared that the fifty-five percent (55%) level of assessments shall remain applicable to property used in whole or in part to provide telecommunications services other than cellular telephone services, radio common carrier services, or long distance telephone services.

SECTION 15. The General Assembly shall evaluate the implementation of the provisions of this act every two (2) years for not less than the next six (6) years by requiring the submission of a report prepared by the Commission consisting of the following information:

(a) The compliance of market participants with the provisions of this act;

(b) The status of universal service in Tennessee;

(d) The number of customers, access lines served, and revenues, subdivided by residential and business, for each Telecommunications Services Provider;

(e) The impact of federal telecommunications initiatives; .

(f) The degree of technological change in the marketplace;

(g) The technical compatibility between providers;

(h) The service performance of providers; and,

(i) Any other information the Commission considers necessary to proper oversight and evaluation.

SECTION 16. Each Telecommunications Service Provider shall file with the commission a small and minority owned telecommunications business participation plan within sixty (60) days of the effective date of this act. Competing Telecommunications Service Providers shall file such plan with the Commission with their application for a certificate. Such plan shall contain such entity's plan for purchasing goods and services from small and minority telecommunications businesses and information on programs, if any, to provide technical assistance to such businesses. All providers shall update plans filed with the commission annually. For purposes of this act, the term "minority business" means a business which is solely owned, or at least fifty-one percent (51%) of the assets or outstanding stock of which is owned, by an individual who personally manages and controls the daily operations of such business, and who is impeded from normal entry into the economic mainstream because of race, religion, sex or national origin and such business has annual gross receipts of less than four million dollars (\$4,000,000). For purposes of this act, the term "small business" means a business with annual gross receipts of less than four million dollars (\$4,000,000).

SECTION 17. (a) The Department of Economic and Community Development, with assistance from the Comptroller of the Treasury relative to loan guarantees, shall develop by rule an assistance program for small and minority telecommunications businesses no later than January 1, 1996. Such plan shall require Telecommunications Service Providers and Competing Telecommunications Service Providers to contribute a total of two million dollars (\$2,000,000) each year for five (5) years for a total amount of ten million dollars (\$10,000,000) to fund the small and minority telecommunications business assistance program. The Commission shall by rule determine the contribution to be made each year by each Telecommunications Service Provider and each Competing Telecommunications Service Provider to such program. The contribution of each such entity shall be determined in accordance with the process used to determine universal service support contributions in accordance with the provisions of Section 4(a). The small and minority telecommunications business assistance program shall provide for loan guarantees, technical assistance and services, and consulting and education services. The Department of Economic and Community Development shall administer the small and minority telecommunications business assistance program except that the Comptroller of the Treasury shall administer any loan guarantees provided pursuant to such program. It is the legislative intent that such program be designed with consideration of fair distribution of program assistance among the geographic areas of the state with no more than forty percent (40%) of program assistance to be awarded in any grand division and fair distribution of program assistance among small and minority telecommunications businesses.

(b) The Department of Economic and Community Development shall give an interim report on the development of the small and minority telecommunications business assistance program to the House and Senate State and Local Government Committees and to the House Commerce and Senate Commerce, Labor and Agriculture Committees no later than September 1, 1995. Such committees shall report its comments and recommendations on such report to the department within thirty (30) days of receiving such report.

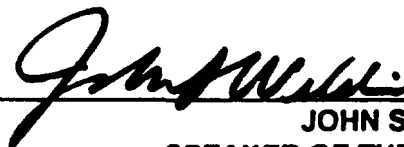
(c) The small and minority telecommunications business assistance program developed by the Department of Economic and Community Development shall take effect on March 1, 1996, unless modified or repealed by legislation enacted prior to such date.

(d) There is established a general fund reserve to be allocated in accordance with the small and minority telecommunications business assistance program created by this act which shall be known as the small and minority telecommunications business assistance program fund. Moneys from the fund may be expended in accordance with such program. Any moneys deposited in the fund shall remain in the reserve until expended for purposes consistent with such program and shall not revert to the general fund on any June 30. Any interest earned by deposits in the reserve shall not revert to the general fund on any June 30 but shall remain available for expenditure in subsequent fiscal years.

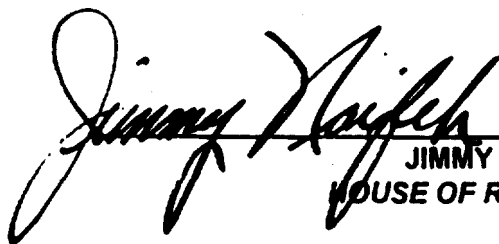
SECTION 18. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 19. This act shall take effect upon becoming a law, the public welfare requiring it.

PASSED: May 25, 1995

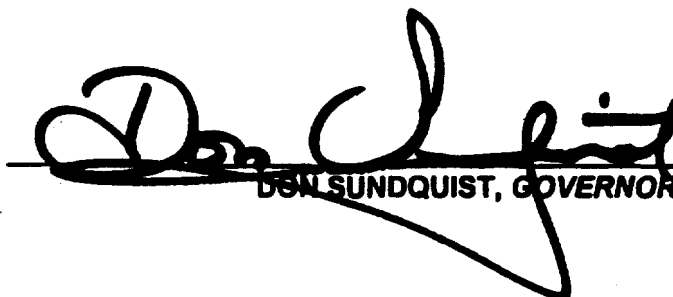


JOHN S. WILDER
SPEAKER OF THE SENATE



JIMMY NAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES

APPROVED this 16 day of June 1995



DON SUNDQUIST, GOVERNOR